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PACIFIC  TELESIS
Group - Washington

September 20, 1993

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

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EX PARTE

William F. Caton
Acting Secretary
Federal Communications Commission
Mail Stop 1170
1919 M Street, N.W., Room 222
Washington, D.C. 20554

Dear Mr. Caton:

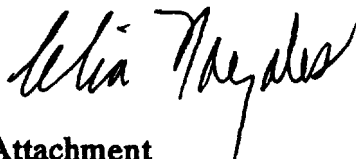
Re: CC Docket No. 92-77 - *Billed Party Preference for 0+ InterLATA Calls*

On behalf of Pacific Bell, please find enclosed an original and two copies of its written ex parte presentation concerning the above-referenced proceeding. Please associate this material with this proceeding.

Two copies of this notice were submitted to the Secretary of the FCC in accordance with Section 1.1206(a)(1) of the Commission's Rules.

Please stamp and return the provided copy to confirm your receipt. Please contact me should you have any questions or require additional information concerning this matter.

Sincerely,



Attachment

cc: Mark Nadel

No. of Copies rec'd 2+1
List A B C D E

September 20, 1993

EX PARTE

William F. Caton
Acting Secretary
Federal Communications Commission
Mail Stop 1170
1919 M Street, N.W., Room 222
Washington, D.C. 20554

Re: CC Docket No. 92-77, Billed Party Preference
for 0+ InterLATA Calls

Dear Mr. Caton:

The following information is being provided at the request of Mr. Mark Nadel of the Policy and Program Planning Division of the Common Carrier Bureau.

Common Overhead Costs

Common overhead expenses are those expenses which are not directly attributable to provisioning the service but common to the overall operation of the business. Other than the portion of common costs inherent in the labor rates, we did not include other common overhead costs in our initial cost projection. Our preliminary costs provided our best estimate of the costs to provision BPP in the Pacific Companies. Until the service design is complete and all the characteristics are identified, it is difficult to determine the common overhead costs with any degree of certainty.

However, for the limited purposes of responding to Mr. Nadel's request, we have estimated the common overhead costs to be approximately 10% of our projected investment amount (identified previously as \$65,197,614). The result could increase the recurring expenses by \$6,519,761.

Interstate BPP only

Pacific was asked by Mr. Nadel to identify the impact if BPP was implemented on an Interstate basis only. In order to limit BPP to interstate calls only, several design components would be affected. An additional level of end office translations would have to occur to route 0+ InterLATA Intrastate calls to the 1+PIC and route 0+ InterLATA Interstate calls to the LEC Operator Services switch. Additional trunks would be required to transport the InterLATA Intrastate calls to the 1+PIC. The Interexchange Carriers would also need to incur the costs of adding incoming IEC trunks. Additional Operator Services costs would be incurred for training in the multiple routing environment, larger routing tables, software modifications and additional trunking requirements.

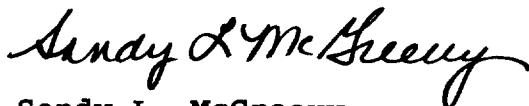
The result of the design changes described above could result in increased costs and consumer confusion and frustration. Due to the complexity of the required translations needed to handle only Interstate calls, this scenario could impact the reliability of the network.

Even if the new costs of this design change were zero, the unit BPP costs would increase approximately 45% due to loss of scale. The reduced volumes would drive the unit price up to a point where the carriers willingness to pay will be jeopardized.

The increased costs, carriers unwillingness to pay, and consumer frustration associated with limiting BPP to interstate only would outweigh any intended benefits.

If any additional information is needed, please let me know. I can be reached at (415) 542-4201.

Sincerely,



Sandy L. McGreevy
Manager - Access Services

cc: Mark Nadel

DOCUMENT INDEX TERMS

Expires 10/31/94

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5. Law Firm Name (25) _____
6. Attorney/Author Name (last,first,mi) (25) Nogales, Celia
7. File Number (20) _____

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